

MINUTES

COAL SURFACE MINING RECLAMATION FUND ADVISORY BOARD

Conference Room 211

August 11, 2009

10:00 a.m.

Present

Gavin Bledsoe
Jackie Davis
John “Kelly” Gilmer, Jr.
Paul Ison
Phillip Mullins

Absent

Scotty Rose

Also Present

Sandy Smith

A meeting of the Coal Surface Mining Reclamation Fund Advisory Board was held on August 11, 2009 at 10:00 a.m. at the Department of Mines, Minerals and Energy (DMME) Office in Big Stone Gap.

Chairman Paul Ison opened the meeting. Mr. Ison welcomed three new members and asked for a self-introduction of the Board members.

A motion was made to approve the minutes of the December 3, 2008 meeting. The minutes were unanimously approved.

Paul Ison was unanimously reelected as the Board Chairperson.

Upcoming Legislative Session – Legislation Submittal Jackie Davis

Jackie Davis informed the Board members of the upcoming legislative session. Any recommendations for legislation change the Board would like to submit should be done by the end of August, 2009.

Update on Government Accountability Office Audit of Bonding in Virginia.....Jackie Davis

The Government Accountability Office is doing an accountability audit. It has requested a list of all DMLR bond forfeitures and a current inventory of all valley fills from 2000 forward. This request is being done as part of a study for Senator Alexander of Tennessee and Senator Cardin from Maryland. A hearing was held approximately a month ago with people testifying on the valley fill and mountaintop mining issues. A copy of the transcript will be available upon request.

Key Man Insurance.....Gavin Bledsoe

Key Man Insurance is an insurance policy for the owner or beneficiaries of a company in the event of the death of a key employee. This may be an addition to self bonding. The Board members do not plan to use this option at the present time. There was a lengthy discussion on Key Man Insurance. Copies of Key Man Insurance Definition and Glossary, Price Quotes, and 30 CFR Sec. 800.23 Self-bonding were distributed.

Update on Amount in the Fund and Potential for Expenditures.....Jackie Davis

The financial reports for the Reclamation Fund were distributed. There was a brief discussion of each report. The balance in the Fund as of June 30, 2009 was \$6,874.762.51.

Update on Bond Forfeitures.....Jackie Davis

There is one bond forfeiture with reclamation to be completed:

- Virginia Mason Coal Company, Permit Number 1300880, a tippel in Lee County - railroad situation, cost bonded - liability of \$19,500.

Update on Settlement Agreements.....Jackie Davis

The DMME and Office of Surface Mining (OSM) entered into settlement agreements with Glamorgan Properties, LLC and Pound River Properties, LLC in April, 2007 for the reclamation of their permits. Glamorgan Properties and Pound River Properties had common ownership. Glamorgan Properties had filed for bankruptcy and Pound River Properties was headed on the same course. To protect the Pool Bond Fund and ensure reclamation of the permits, settlement agreements were executed.

- The Glamorgan Properties permits (4) have been reclaimed. One permit has been released. Two have minor issues concerning a monitoring well and a culvert situation that is currently waiting for decisions from the Army Corps of Engineers and Virginia Department of Transportation. Permit Number 1701941, formerly known as the "Rocky Coal" site, has been reclaimed. There is a pond on it and a decision will have to be made on how to handle it and meet the reclamation requirements. The Division is holding \$169,000 in bond for this area.
- A portion of the Pound River Properties will be repermited by Long Canyon. Fees and bonds have been requested and when received, a permit will be issued. Long Canyon is negotiating with Pound River Properties to conduct the remaining reclamation obligation under the April, 2007 settlement agreement.

Other topics of discussion include:

- Self bond issues.
- Sale of A & G Coal Corporation.
- Update on the Ison Rock Ridge Surface Mine permit.
- Memorandum of Understanding between the Environmental Protection Agency, Army Corps of Engineers and OSM Department of the Interior.

The next meeting is to be scheduled in early December. There being no more discussions, the meeting was adjourned.